

## **BILL ANALYSIS**

C.S.S.B. 112  
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Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties express concern that some residential property insurance forms state the amount of a deductible under the residential property insurance policy as a percentage, which causes many consumers to assume that the amount is a percentage of the claim, when it is actually a percentage of the insured value of the home. The parties support requiring residential property insurance policy forms to state the exact dollar amount of each deductible under the policy to eliminate confusion and to help consumers understand the value being received in relation to the premium paid. C.S.S.B. 112 seeks to address this issue by proposing new requirements for certain standard insurance policy forms for residential property insurance.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.S.B. 112 amends the Insurance Code to require a residential property insurance policy form to include a declarations page that lists and identifies each type of deductible under the residential property insurance policy and states the exact dollar amount of each deductible under the residential property insurance policy. The bill requires the declarations page to identify or include a written disclosure that clearly identifies the applicable policy provision or endorsement if a residential property insurance policy or an endorsement attached to the policy contains a provision that may cause the exact dollar amount of a deductible under the policy to change. The bill requires the policy provision or endorsement to explain how any change in the applicable deductible amount is determined. The bill authorizes a disclosure containing a list required under the bill's provisions or a disclosure containing an identification of each applicable policy provision or endorsement to be provided on a page separate from the declarations page. The bill's provisions apply only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2014.

### **EFFECTIVE DATE**

September 1, 2013.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.S.B. 112 may differ from the engrossed version in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the bill.

SENATE ENGROSSED

SECTION 1. Subchapter B, Chapter 2301, Insurance Code, is amended by adding Section 2301.056 to read as follows:

Sec. 2301.056. REQUIREMENT FOR FORMS; DECLARATIONS PAGE REQUIREMENT. (a) A residential property insurance policy form must include a declarations page that:

(1) lists and **explains** each type of deductible under the residential property insurance policy; and

(2) states the exact dollar amount of each deductible under the residential property insurance policy.

(b) If a residential property insurance policy or an endorsement attached to the policy contains a provision that may cause the exact dollar amount of a deductible under the policy to change, the declarations page must include a written disclosure that clearly identifies the provision and explains how the new amount is determined.

(c) **Notwithstanding Subsections (a) and (b), the list and explanation required by Subsection (a)(1), together with the disclosure required by Subsection (b), may be provided on a separate page from the declarations page.**

SECTION 2. This Act applies only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2014. A policy delivered, issued for delivery, or renewed before January 1, 2014, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 3. This Act takes effect September 1, 2013.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter B, Chapter 2301, Insurance Code, is amended by adding Section 2301.056 to read as follows:

Sec. 2301.056. REQUIREMENT FOR FORMS; DECLARATIONS PAGE REQUIREMENT. (a) A residential property insurance policy form must include a declarations page that:

(1) lists and **identifies** each type of deductible under the residential property insurance policy; and

(2) states the exact dollar amount of each deductible under the residential property insurance policy.

(b) If a residential property insurance policy or an endorsement attached to the policy contains a provision that may cause the exact dollar amount of a deductible under the policy to change, the declarations page must **identify or include** a written disclosure that clearly identifies the **applicable policy provision or endorsement**. The policy provision or endorsement must **explain how any change in the applicable deductible amount is determined**.

(c) **A disclosure containing a list required by Subsection (a)(1), or a disclosure containing an identification of each applicable policy provision or endorsement, may be provided on a page separate from the declarations page.**

SECTION 2. Same as engrossed version.

SECTION 3. Same as engrossed version.